



Budget implementation

The State deficit decreased by 885 million euros to June in like-for-like terms, to stand at 2.56% of GDP

- The figures ensure that, with the Government measures, all Public Administrations will meet the deficit target set by Brussels by the end of the year
- Fernández Currás says that the latest measures approved by the Government reflect the fact that there will be no let up in the fight to reduce the deficit
- The advance on payments to other administrations mean that current transfer payments are up by 38.1% to June
- Income tax receipts were up by 2% in the first half of the year thanks to the additional tax approved in December which has generated 1,503 million euros

31 July 2012. The Secretary of State for Budgets and Expenditure, Marta Fernández Currás, announced today that the State's like-for-like deficit to June stood at 2.56% of GDP compared to 2.63% in 2011, down 885 million euros on the figure of one year ago, which ensures that, with the measures approved by the Government, all the Public Administrations will

meet the deficit target set by Brussels by the end of the year.

As the Secretary of State explained, the figures to June are once again affected by the advance on payments made to the rest of the public administrations, mainly the Autonomous Regions, which distort the figures corresponding to Central Government.

Despite all of this, with the ultimate aim being able to meet the budget stability commitments and to favour economic growth and job creation, the Government has recently launched measures to guarantee rigorous

compliance with its fiscal commitments set within the framework of the EU's Excessive Deficit Procedure.

Fernández Currás said that under no circumstance would the extra year for correcting the deficit be used as an excuse to relax fiscal policy, as demonstrated by the measures approved recently.

In this regard it should be noted that most of the fiscal consolidation measures put in place by this Government, which have been introduced over the course of the first six months of the year, have had a limited effect on revenue in these first six months.

Forecasts suggest that their impact should become more noticeable by the last quarter of the year, when it will be possible to see a greater adjustment in the State deficit.

In addition to these measures, the Government has drawn up a biennial budget plan which is to be approved in the Council of Ministers.

In cash terms, the accounting methodology based on actual income and expenditure, once the advance payments to other public administrations, advance payment of tax refunds and the payment of obligations from previous years are taken out of the equation, the like-for-like deficit is down by 2,864 million euros.

In national accounting terms the State deficit for the first six months of the year stood at 43,078 million euros, equivalent to 4.04% of GDP.

Non-financial revenues

At the close of the first half of the year, before deducting the regional administrations' share of Income Tax, VAT and Excise Duties, non-financial income stood at 84,277 million euros, an increase of 2% in year-on-year terms, and a significant improvement on the fall of 0.1% recorded in May. When the effect of the advance payment of refunds is taken out of the equation, the growth rate stands at 3.9%.

Tax receipts are down by just 1.4% in like-for-like terms, mainly affected by the advance payment of refunds.

Income tax receipts were up by 2% to June at 32.931 billion euros, the second time this year that a positive figure has been recorded. In like-for-like terms, the increase stands at 3.1%.

As a result of the additional tax approved by the Government last December, tax collection to June was up by 1,503 million euros.

Corporation tax collection was up by 25.5% in the first half of the year, in like-for-like terms. VAT receipts to June were down by 10% at 24,098 million euros.

As regards income generated by Special Taxes, this was affected by the stockpiling of tobacco prior to the rise in rates and prices that resulted in higher receipts in April, and lower receipts in May and June. Revenue stood at 8,889 million euros, down 5.4% on the same period in 2011.

Non-financial payments

In the first six months, non-financial payments stood at 82,082 million euros, an 18.6% increase compared to the same period in 2011. This is the result of advances on payments to other public administrations, mainly to the autonomous regions.

As a result of the Government's policy to make advance payments to other administrations, current transfer payments were up by 38.1% to June, at 50,947 million euros, a cash injection that has mainly gone to the Autonomous Regions and Social Security.

Another area that explains the increase in payments is financial expenditure, which in the first half of the year was up by 32.6% to 11,845 million euros. This figure is conditioned not only by the volume of debt and interest rates, but also by the repayment calendar.

With regard to staffing costs, these were up by 1%, mainly due to the 4.1% increase in civil servant pension costs, affected both by the 1% increase in 2012 and the increase in the number of pensioners.

Current expenditure on goods and services was down by 25.7% and payments for funding real investments were down by 33% to 2,260 million euros.